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7 Attorneys for Complainant

8 **BEFORE THE**
CALIFORNIA BOARD OF ACCOUNTANCY
9 **DEPARTMENT OF CONSUMER AFFAIRS**
10 **STATE OF CALIFORNIA**

11 In the Matter of the Accusation Against:

12 ADAM SCOTT RICHARDS
35826 Darcy Pl.
13 Murrieta, CA 92562

14 Certified Public Accountant Certificate No. CPA
76259

15
16 Respondent.

Case No. AC-2007-1

OAH No. 2007020022

**STIPULATED SETTLEMENT AND
DISCIPLINARY ORDER**

17
18 IT IS HEREBY STIPULATED AND AGREED by and between the parties to the
19 above-entitled proceedings that the following matters are true:

20 PARTIES

21 1. Carol Sigmann (Complainant) is the Executive Officer of the California
22 Board of Accountancy. She brought this action solely in her official capacity and is represented
23 in this matter by Edmund G. Brown Jr., Attorney General of the State of California, by Thomas
24 L. Rinaldi, Deputy Attorney General.

25 2. Respondent Adam Scott Richards (Respondent) is represented in this
26 proceeding by attorney Taylor Schneider, whose address is 555 W. 5th Street, (31st. Floor), Los
27 Angeles, CA 90013.

28 3. On or about September 18, 1998, the California Board of Accountancy

1 issued Certified Public Accountant Certificate No. CPA 76259 to Adam Scott Richards
2 (Respondent.) The Certificate expired on January 31, 2003, and has not been renewed.

3 JURISDICTION

4 4. Accusation No. AC-2007-1 was filed before the California Board of
5 Accountancy (Board), Department of Consumer Affairs, and is currently pending against
6 Respondent. The Accusation and all other statutorily required documents were properly served
7 on Respondent on December 8, 2006. Respondent timely filed his Notice of Defense contesting
8 the Accusation. A copy of Accusation No. AC-2007-1 is attached as exhibit A and incorporated
9 herein by reference.

10 ADVISEMENT AND WAIVERS

11 5. Respondent has carefully read, discussed with counsel, and fully
12 understands the charges and allegations in Accusation No. AC-2007-1. Respondent has also
13 carefully read, discussed with counsel, and fully understands the effects of this Stipulated
14 Settlement and Disciplinary Order.

15 6. Respondent is fully aware of his legal rights in this matter, including the
16 right to a hearing on the charges and allegations in the Accusation; the right to be represented by
17 counsel at his own expense; the right to confront and cross-examine the witnesses against him;
18 the right to present evidence and to testify on his own behalf; the right to the issuance of
19 subpoenas to compel the attendance of witnesses and the production of documents; the right to
20 reconsideration and court review of an adverse decision; and all other rights accorded by the
21 California Administrative Procedure Act and other applicable laws.

22 7. Respondent voluntarily, knowingly, and intelligently waives and gives up
23 each and every right set forth above.

24 CULPABILITY

25 8. Respondent admits the truth of each and every charge and allegation in
26 Accusation No. AC-2007-1.

27 9. Respondent agrees that his Certified Public Accountant Certificate is
28 subject to discipline and he agrees to be bound by the Board's imposition of discipline as set forth

1 in the Disciplinary Order below.

2 CONTINGENCY

3 10. This stipulation shall be subject to approval by the California Board of
4 Accountancy. Respondent understands and agrees that counsel for Complainant and the staff of
5 the California Board of Accountancy may communicate directly with the Board regarding this
6 stipulation and settlement, without notice to or participation by Respondent or his counsel. By
7 signing the stipulation, Respondent understands and agrees that he may not withdraw his
8 agreement or seek to rescind the stipulation prior to the time the Board considers and acts upon
9 it. If the Board fails to adopt this stipulation as its Decision and Order, the Stipulated Settlement
10 and Disciplinary Order shall be of no force or effect, except for this paragraph, it shall be
11 inadmissible in any legal action between the parties, and the Board shall not be disqualified from
12 further action by having considered this matter.

13 OTHER MATTERS

14 11. The parties understand and agree that facsimile copies of this Stipulated
15 Settlement and Disciplinary Order, including facsimile signatures thereto, shall have the same
16 force and effect as the originals.

17 DISCIPLINARY ORDER

18 In consideration of the foregoing admissions and stipulations, the parties agree
19 that the Board may, without further notice or formal proceeding, issue and enter the following
20 Disciplinary Order:

21 IT IS HEREBY ORDERED that Certified Public Accountant Certificate No. CPA
22 76259 issued to Respondent is revoked. However, the revocation is stayed and Respondent
23 placed on probation for five (5) years on the following terms and conditions.

24 1. **Actual Suspension.** Certified Public Accountant Certificate No. CPA
25 76259 issued to Adam Scott Richards is suspended for three years. During the period of
26 suspension, Respondent shall engage in no activities for which certification as a Certified Public
27 Accountant or Public Accountant is required as described in Business and Professions Code,
28 Division 3, Chapter 1, Section 5051.

1 2. **Active License Status.** Respondent shall at all times maintain an active
2 license status with the Board, including during any period of suspension. If the license is expired
3 or is inactive at the time the Board's decision becomes effective, the license must be renewed and
4 made active within 90 (ninety) days of the effective date of the decision. The suspension
5 identified in Term No. 1 will commence upon activation of the license.

6 3. **Obey All Laws.** Respondent shall obey all federal, California, other
7 states' and local laws, including those rules relating to the practice of public accountancy in
8 California.

9 4. **Submit Written Reports.** Respondent shall submit, within ten (10) days
10 of completion of the quarter, written reports to the Board on a form obtained from the Board.
11 The Respondent shall submit, under penalty of perjury, such other written reports, declarations,
12 and verification of actions as are required. These declarations shall contain statements relative to
13 Respondent's compliance with all the terms and conditions of probation. Respondent shall
14 immediately execute all release of information forms as may be required by the Board or its
15 representatives.

16 5. **Personal Appearances.** Respondent shall, during the period of probation,
17 appear in person at interviews/meetings as directed by the Board or its designated
18 representatives, provided such notification is accomplished in a timely manner.

19 6. **Comply With Probation.** Respondent shall fully comply with the terms
20 and conditions of the probation imposed by the Board and shall cooperate fully with
21 representatives of the Board of Accountancy in its monitoring and investigation of the
22 Respondent's compliance with probation terms and conditions.

23 7. **Practice Investigation.** Respondent shall be subject to, and shall permit,
24 practice investigation of the Respondent's professional practice. Such a practice investigation
25 shall be conducted by representatives of the Board, provided notification of such review is
26 accomplished in a timely manner.

27 8. **Comply With Citations.** Respondent shall comply with all final orders
28 resulting from citations issued by the Board of Accountancy.

1 9. **Tolling of Probation For Out-of-State Residence/Practice.** In the event
2 Respondent should leave California to reside or practice outside this state, Respondent must
3 notify the Board in writing of the dates of departure and return. Periods of non-California
4 residency or practice outside the state shall not apply to reduction of the probationary period, or
5 of any suspension. No obligation imposed herein, including requirements to file written reports,
6 reimburse the Board costs, or make restitution to consumers, shall be suspended or otherwise
7 affected by such periods of out-of-state residency or practice except at the written direction of the
8 Board.

9 10. **Violation of Probation.** If Respondent violates probation in any respect,
10 the Board, after giving Respondent notice and an opportunity to be heard, may revoke probation
11 and carry out the disciplinary order that was stayed. If an accusation or a petition to revoke
12 probation is filed against Respondent during probation, the Board shall have continuing
13 jurisdiction until the matter is final, and the period of probation shall be extended until the matter
14 is final.

15 11. **Completion of Probation.** Upon successful completion of probation,
16 Respondent's license will be fully restored.

17 12. **Cost Reimbursement.** Respondent shall reimburse the Board \$3,977 for
18 its investigation and prosecution costs. The payment shall be made within thirty days of the date
19 the Board's decision is final. Alternatively, Respondent may make quarterly payments (due with
20 quarterly written reports) in the amount of \$248.00, the final payment being due one year before
21 probation is scheduled to terminate.

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1 ACCEPTANCE


2 I have carefully read the above Stipulated Settlement and Disciplinary Order and
3 have fully discussed it with my attorney, Taylor Schneider. I understand the stipulation and the
4 effect it will have on my Certified Public Accountant Certificate. I enter into this Stipulated
5 Settlement and Disciplinary Order voluntarily, knowingly, and intelligently, and agree to be
6 bound by the Decision and Order of the California Board of Accountancy.

7 DATED: 4/5/07

8 
9 ADAM SCOTT RICHARDS
Respondent

10 I have read and fully discussed with Respondent Adam Scott Richards the terms
11 and conditions and other matters contained in the above Stipulated Settlement and Disciplinary
12 Order. I approve its form and content.

13 DATED: 4/11/07

14 
15 TAYLOR SCHNEIDER
16 Attorney for Respondent


17 ENDORSEMENT

18 The foregoing Stipulated Settlement and Disciplinary Order is hereby respectfully
19 submitted for consideration by the California Board of Accountancy of the Department of
20 Consumer Affairs.

21 DATED: 4/13/07

22 EDMUND G. BROWN JR. Attorney General
23 of the State of California

24 JENNIFER S. CADY
25 Deputy Attorney General

26 
27 THOMAS L. RINALDI
28 Deputy Attorney General
Attorneys for Complainant

**BEFORE THE
CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA**

In the Matter of the Accusation Against:

ADAM SCOTT RICHARDS
35826 Darcy Pl.
Murrieta, CA 92562

Certified Public Accountant Certificate No. CPA
76259

Respondent.

Case No. AC-2007-1

OAH No. 2007020022

DECISION AND ORDER

The attached Stipulated Settlement and Disciplinary Order is hereby adopted by the California Board of Accountancy, Department of Consumer Affairs, as its Decision in this matter.

This Decision shall become effective on June 17, 2007.

It is so ORDERED May 18, 2007.



FOR THE CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS

Exhibit A
Accusation No. AC-2007-1

BILL LOCKYER, Attorney General
of the State of California
JENNIFER S. CADY, State Bar No. 100437
Supervising Deputy Attorney General
THOMAS L. RINALDI, State Bar No. 206911
Deputy Attorney General
California Department of Justice
300 So. Spring Street, Suite 1702
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Facsimile: (213) 897-2804

Attorneys for Complainant

**BEFORE THE
CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA**

In the Matter of the Accusation Against:

Case No. AC-2007-1

ADAM SCOTT RICHARDS
5310 Oak Park Lane #124
Oak Park, CA 91377

A C C U S A T I O N

Certified Public Accountant Certificate
No. CPA 76259

Respondent.

Complainant alleges:

PARTIES

1. Carol Sigmann (Complainant) brings this Accusation solely in her official capacity as the Executive Officer of the California Board of Accountancy, Department of Consumer Affairs.

2. On or about September 18, 1998, the California Board of Accountancy issued Certified Public Accountant License Certificate No. 76259 to Adam Scott Richards (Respondent). The Certified Public Accountant License Certificate was in full force and effect at all times relevant to the charges brought herein and expired on January 31, 2003.

JURISDICTION

3. This Accusation is brought before the California Board of Accountancy

1 (Board), Department of Consumer Affairs, under the authority of the following laws. All section
2 references are to the Business and Professions Code unless otherwise indicated.

3 4. Section 118, subdivision (b), states:

4 "The suspension, expiration, or forfeiture by operation of law of a license issued
5 by a board in the department, or its suspension, forfeiture, or cancellation by order of the board or
6 by order of a court of law, or its surrender without the written consent of the board, shall not,
7 during any period in which it may be renewed, restored, reissued, or reinstated, deprive the board
8 of its authority to institute or continue a disciplinary proceeding against the licensee upon any
9 ground provided by law or to enter an order suspending or revoking the license or otherwise
10 taking disciplinary action against the licensee on any such ground."

11 5. Section 5100 states:

12 "After notice and hearing the board may revoke, suspend, or refuse to renew any
13 permit or certificate granted under Article 4 (commencing with Section 5070) and Article 5
14 (commencing with Section 5080), or may censure the holder of that permit or certificate for
15 unprofessional conduct that includes, but is not limited to, one or any combination of the
16 following causes:

17

18 "(g) Willful violation of this chapter or any rule or regulation promulgated by the
19 board under the authority granted under this chapter.

20 "(h) Suspension or revocation of the right to practice before any governmental
21 body or agency.

22

23 6. Section 5063 provides, in pertinent part as follows:

24 (a) A licensee shall report to the board in writing of the occurrence of any of the
25 following events occurring on or after January 1, 1997, within 30 days of the date the licensee
26 has knowledge of these events:

27

28 (3) The cancellation, revocation, or suspension of the right to practice as a

1 certified public accountant or a public accountant before any governmental body or agency.

2 7. Section 5107; subdivision (a), states, in pertinent part:

3 "The executive officer of the board may request the administrative law judge, as
4 part of the proposed decision in a disciplinary proceeding, to direct any holder of a permit or
5 certificate found guilty of unprofessional conduct in violation of subdivisions (b), (c), (i), or (j) of
6 Section 5100, or involving a felony conviction in violation of subdivision (a) of Section 5100, or
7 involving fiscal dishonesty in violation of subdivision (h) of Section 5100, to pay to the board all
8 reasonable costs of investigation and prosecution of the case, including, but not limited to,
9 attorneys' fees. The board shall not recover costs incurred at the administrative hearing."

10 FIRST CAUSE FOR DISCIPLINE

11 (Suspension of Right to Practice Before Governmental Agency)

12 8. Respondent is subject to disciplinary action under section 5100,
13 subdivision (h), in that he was suspended from appearing or practicing before the Security
14 Exchange Commission ("SEC") as an accountant. The suspension arose out of a complaint filed
15 by the SEC in the United States District Court for the Central District of California, in a matter
16 entitled *Securities and Exchange Commission v. Sophia M. Kabler, et al.*, (Case No. CV 03-
17 6716) which alleged that Respondent, as manager of financial planning with Homestore, Inc.,
18 participated in a fraudulent scheme to inflate Homestore's revenues in 2001. The complaint was
19 resolved through Respondent's Offer of Settlement which was accepted by the SEC.

20 SECOND CAUSE FOR DISCIPLINE

21 (Failure to Report to Board)

22 9. Respondent is subject to disciplinary action under section 5100,
23 subdivision (g), for violation of section 5063, in that he failed to notify the Board that he was
24 suspended from appearing or practicing before a governmental agency as further described in
25 paragraph no. 8.

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1 PRAYER

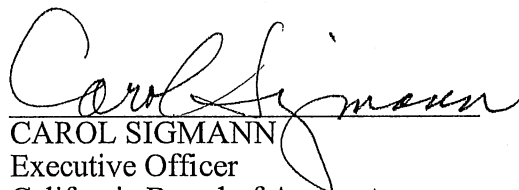
2 WHEREFORE, Complainant requests that a hearing be held on the matters herein
3 alleged, and that following the hearing, the California Board of Accountancy issue a decision:

4 1. Revoking or suspending or otherwise imposing discipline upon Certified
5 Public Accountant License Certificate No. CPA 76259, issued to Adam Scott Richards.

6 2. Ordering Adam Scott Richards to pay the California Board of
7 Accountancy the reasonable costs of the investigation and enforcement of this case, pursuant to
8 Business and Professions Code section 5107;

9 3. Taking such other and further action as deemed necessary and proper.

10 DATED: October 30, 2006

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12 
13 CAROL SIGMANN
14 Executive Officer
15 California Board of Accountancy
16 Department of Consumer Affairs
17 State of California
18 Complainant
19

20 LA2006601243
21 accusation.wpd
22 CML/tlr
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